

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Monday April 11, 1977

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NATIONAL SECURITY INFORMATION
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National Intelligence Daily Cable for Monday, April 11, 1977.

The NID Cable is for the purpose of informing senior US officials.

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ISRAEL: Peres Endorsement

25X1 [] Following the Israeli Labor Party's endorsement yesterday of Defense Minister Peres as its candidate for prime minister, party leaders are trying to achieve some measure of unity between Peres and those groups within the coalition Labor Alignment that have long opposed him. The party is working under great pressure because its final list of parliamentary nominees must be presented by tomorrow.

25X1 [] Peres reportedly has offered Foreign Minister Allon the second spot on the party's parliamentary list and assured him the defense portfolio, the government's second most powerful position. This appears to be a move designed to placate Allon's left-wing faction and to mollify disgruntled supporters of former prime minister Rabin, who favored Allon over Peres for the party's top spot. In a further gesture to the party's powerful old-guard leadership, Rabin himself will apparently be given a "safe" place on Labor's electoral list.

25X1 [] Former foreign minister Eban, a well-known member of the party's left-wing but a political ally of Peres, reportedly has been offered his old portfolio. Peres probably hopes that this, combined with his offer to Allon, will help win over the support of the party's left wing and, even more important, Mapam, Labor's long-time partner in the Alignment.

25X1 [] Despite Peres' efforts, Mapam's intentions remain the biggest question mark. It has long opposed Peres because of his hawkish stance on negotiations with the Arabs, especially over the West Bank. At its party convention earlier this year, Mapam went on record as favoring withdrawal from the Alignment if Peres gained the Labor Party nomination.

25X1 [] To preserve its option to run independently in the May national election, over the weekend Mapam secured the approval of the parliament's election committee to be recognized as a separate party. Mapam leaders reportedly will meet today to make a final decision on the matter. []

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PAKISTAN: Anti-government Violence

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 *The violence in Pakistan that began this weekend in the politically volatile city of Lahore, capital of Punjab Province, has been the bloodiest since the opposition's campaign to force the resignation of Prime Minister Bhutto was*

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launched nearly a month ago. The immediate cause of the demonstrations was the convening of the recently elected Punjabi provincial assembly. Demonstrations also occurred over the weekend in other cities and several smaller towns in the Punjab, in Karachi, and in other cities in the southern part of the country.

[] The opposition is demonstrating its ability to keep the anti-Bhutto campaign going--and is even gathering momentum--despite the arrest of most of its leaders and many hundreds of its supporters. Bhutto remains unable to cajole the opposition into a dialogue. The renewed violence and the participation in the demonstrations by a widening spectrum of Pakistanis will encourage the opposition and probably strengthen its determination not to compromise with the government.

[] A critical factor in the present test of strength remains the position of the army and the security services. Thus far, Bhutto has called on the army for only limited assistance to the hard-pressed police, primarily in enforcing a curfew in Karachi following unrest in that city late last month. The army was not used in maintaining order in Lahore this weekend.

[] If Bhutto is forced to use the armed forces to maintain his rule, the danger of a move against him by his military commanders will increase proportionately. []

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25X1 [REDACTED]

YUGOSLAVIA: Nuclear Energy Cooperation

25X1 [REDACTED] //Yugoslavia has proposed that the nonaligned countries cooperate in the development of nuclear energy by pooling their material and financial resources.//

25X1 [REDACTED] Yugoslavia raised the matter during the current meeting of the nonaligned coordinating council in New Delhi, according to a report from an Indian news agency. The Yugoslavs suggested forming a group of experts to draw up a draft "action program" so that the nonaligned can "emancipate" themselves quickly from their reliance on the developed West for nuclear technology.

25X1 [REDACTED] In Yugoslavia's view, such cooperation might involve prospecting for and creating reserves of nuclear materials, training personnel, building nuclear power stations, establishing national industries for the production of nuclear-related equipment, and conducting joint research in nuclear science.

25X1 [REDACTED] Yugoslavia--like a number of other nonaligned states--has long maintained that all developing countries have the right of unhampered access to sophisticated technology. It seems unlikely that a cooperative program would be effective, although there will probably be little opposition to Belgrade's general proposal. Among the nonaligned, only India has a significant nuclear energy program, and the others have very little to contribute.

25X1 [REDACTED]

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USSR: Protein Synthesis

25X1 [REDACTED] *One of the major obstacles to increasing livestock production in the USSR is a general shortage of feeds, particularly concentrated protein supplements. Because planned expansion in conventional agricultural practices is unlikely to alleviate this shortage and the Soviets want to avoid increased imports, they are increasing the production of synthetic protein from yeast grown on petroleum hydrocarbons. Extensive Soviet studies of this protein show that it can replace high-protein supplements such as soybean and fish meal in livestock feed, particularly that for swine and poultry.*

25X1 [REDACTED] The USSR has committed substantial resources to synthetic protein production and is rapidly expanding its protein synthesis technology. The Soviets already have research and development facilities to study hydrocarbon-based yeast production, and eight large production plants are in operation or under construction.

25X1 [REDACTED] The eight production facilities are scheduled to be in full production by 1980 with a combined annual capacity of between 860,000 and 1 million metric tons. The Soviets say that the four plants already partially operational can produce 300,000 metric tons of protein annually, but [REDACTED]

25X1 [REDACTED] the plants are operating well below rated capacity.

25X1 [REDACTED] The Soviets apparently are having difficulties with producing the necessary 99-percent pure hydrocarbon growing

medium as well as with purifying the final product. They are negotiating for Western technology to help solve some of these and other technical problems.

25X1 [] Production of synthetic protein will give the Soviets a reliable supply of high-quality protein without burdening agricultural resources, such as land, fertilizer, and equipment. Annual production of 1 million metric tons of synthetic protein would be equivalent to about 30 percent of current Soviet production of oilseed meals now used as protein supplements. To produce a quantity of oilseed meal equivalent to 1 million tons of synthetic protein, the Soviets would have to devote approximately 2 million additional hectares to the growing of sunflowers or 1.26 million hectares to the growing of cotton.

25X1 [] The Soviet livestock industry probably could use about 3 million metric tons per year of synthetic protein for feed in addition to conventional feedstuffs. If the Soviets can produce about 1 million tons of synthetic protein from yeast grown on hydrocarbon and expand production of synthesized protein from other sources, they should be able to produce about 2 million tons of protein annually by 1980.

25X1 [] The Soviets produce substantial amounts of the type of petroleum required for growing the yeast, and if current ventures succeed they probably could double the amount of protein derived from this growing medium over the next ten years. Their capacity for continued expansion will depend on various factors:

--Competing demands for the petroleum.

--Improvements in technology for producing yeast on other media.

--Successful development of an efficient process for producing other proteins, such as growing bacteria in natural gas.

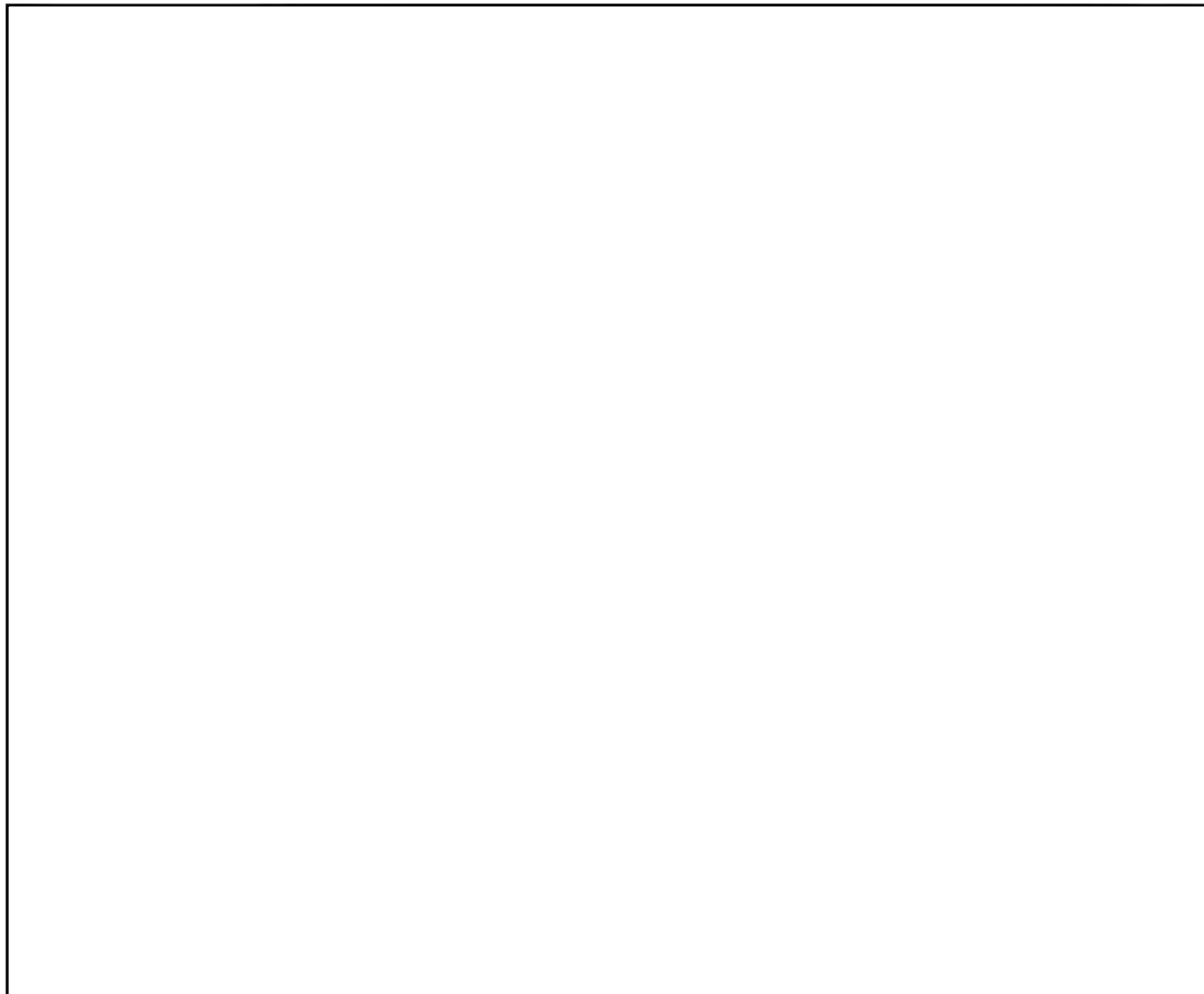
--The cost effectiveness of producing protein compared with other sources of protein feed. []

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SPAIN: Communist Party

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[Redacted] The Spanish government's legalization of the Communist Party on Saturday reflects King Juan Carlos' and Prime Minister Suarez' commitment to completing the dismantling of the Francoist political structure with a free parliamentary election this summer. The timing of the move over the Easter holiday seems designed to reduce the chances of a violent reaction from the still-potent right wing.

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[] The legislation will also reduce tensions between the government and the opposition parties, whose leaders have been insisting that the Communist Party be legalized. The party's legal status will diminish the Communists' aura of martyrdom and, by forcing them to compete openly, will reveal their actual electoral weakness. Government leaders believe the Communists will win no more than 8 percent of the vote.

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[] The government had been unsuccessful in getting the Supreme Court to rule on the Communist Party issue. During the past month, increasing numbers of Spaniards have apparently begun to expect the legalization of the party before the election. This changing mood may have impressed senior military officers, who moved from outright opposition to legalization last fall to an acceptance of the decision in February to let the Supreme Court make a ruling. When the Supreme Court disqualified itself, Suarez undoubtedly consulted the military again and obtained its agreement not to interfere.

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[] The government explained the legalization by commenting that the doubt or presumption of illegality which had caused it to refer the Communist question to the Supreme Court had disappeared with the court's refusal to rule, and the government had proceeded to register the party.

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[] The initial reaction by the press and politicians has been predictable, ranging from approval by Communists, through satisfaction by the traditional opposition and centrist groups close to the government, to sharp disapproval by the right.

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[] The government, having now legalized over 100 parties, undoubtedly hopes that the necessity of organizing for the promised summer election will channel the activities of those who disapprove of legalizing the Communist Party away from violent protests. [] 25X1

CHINA: Grain Imports

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[] The drought threatening China's summer wheat harvest and a portion of the early rice crop may force additional grain imports this year. Part of the 5.1 million tons of grain already

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purchased may have been a hedge against the prospect of a reduced summer wheat harvest. Only a highly unlikely combination of poor summer and fall harvests would result in a need for such large purchases that Peking would have to buy US grain, and then only late in the year.

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[] China's summer harvest--mostly winter wheat and early rice--accounts for 35 to 40 percent of annual grain output. Although less important than the fall harvest--which provides most of the balance--it must bridge the gap between major crops each year.

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[] The poor harvest last fall, coupled with efforts to conserve foreign exchange last year, resulted in a tight grain supply situation, which induced the new regime to step up grain buying for 1977 delivery. This year's summer harvest will be important in determining whether the Chinese will need to import additional grain in 1977.

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[] Substantial rainfall is needed before mid-April in the North China Plain to prevent heavy losses of winter wheat, only about 40 percent of which is irrigated. Thus far, problems with early rice are less severe than those of 1976, when too much rain and too low temperatures forced repeated replanting of seedlings. Rain usually begins in April in the affected areas.

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[] The precise amount of grain imports in 1977 will depend on the crops now growing and yet to be planted and on the amount of belt-tightening the new regime is willing to enforce through rationing.

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[] If the drought breaks by mid-April, winter wheat and early rice output could be close to last year's excellent crops. The currently programmed wheat imports would then be adequate, and some could even be rescheduled for 1978, depending on the size of this year's fall harvest.

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[] If the drought continues, however, and output of summer grains and early rice falls about 10 percent below last year's level, the already difficult grain supply and distribution problem would worsen. China would then have to accelerate deliveries on contracts, and it might purchase additional grain.

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25X1 [] Both Canada and Australia could speed deliveries, and Canada could supply still more grain. Since China has been reluctant over the past two years to conclude new contracts for US grain, it is likely to turn to the US only if it decided to buy for immediate delivery more than 1 million tons beyond the 5 million tons already contracted.

25X1 [] It is unlikely that China would have poor summer and fall harvests in the same year. China uses multiple cropping, and the weather rarely produces a poor harvest in both northern and southern China in the same year.

25X1 [] Given another poor fall harvest, however, China would have to take delivery of all grain currently scheduled and seek an additional 2 million to 3 million tons for delivery during the second half of this year, for a total of 7 million to 8 million tons for the year. Most of China's increased needs still could be met with Canadian and Australian wheat. Barring unforeseen logistic problems or a deterioration in crop prospects in those countries, China would probably not have to consider US grain until very late in the year, if at all.

25X1 [] Whatever China's grain import needs may be, foreign exchange does not appear to be a major problem. China's trade showed a surplus last year, easing pressure on the balance of payments. With the usual 12- to 18-month credits, payments for this year's grain imports would be spread into 1979. Significantly increased grain imports, of course, might move Peking to delay new purchases of Western technology. []

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INTERNATIONAL: Genetic Engineering Research

25X1 [] *Recombinant DNA technology--which permits molecular biology researchers to transplant functional genetic characteristics from one species of living organism to another in a controlled manner--is being studied by many governments with an eye toward regulating future research. Some international organizations are attempting to help standardize these national policies, but research regulation will probably remain a national matter. It will probably be years before legally binding regulations are adopted in most countries.*

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[] The formulation and implementation of regulations are likely to proceed unevenly in various countries. Once adopted, the regulations could:

--Influence the rate at which national research programs progress relative to one another.

--Cause strained relations between countries that adopt greatly dissimilar research regulations.

--Lead to the relocation of scientific talent to countries with better facilities or the most permissive regulations.

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[] The UK, which has extended existing health safety legislation to cover genetic engineering, is the only nation that has formally adopted a legal mechanism for controlling such research. Australia, Canada, New Zealand, Israel, and most West European countries are attempting to devise regulations, and some have already created oversight committees or established research guidelines. Their actions have been patterned after guidelines established by the US National Institutes of Health and the regulations adopted by the UK.

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[] The USSR established a commission to draft research guidelines in late 1976 and appointed a leading Soviet genetic engineer, A. Bayev, as chairman. Bayev says the commission will first draft a set of preliminary guidelines based largely on those drawn up in the US. Soviet researchers have only limited experience in genetic engineering, according to Bayev, but once they are more familiar with the technology, the guidelines will be revised and made final.

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[] Once the Soviet guidelines are officially adopted, by action of the minister of health, they will govern all civilian scientific, industrial, and health research organizations; the military will be excluded. The Soviet guidelines will regulate recombinant DNA techniques only, while existing regulations dealing with pathogens will be used to govern other aspects of genetic engineering.

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[] The European Community is currently attempting to coordinate the regulatory activities and decisions of its members and most likely will adopt guidelines seeking the reporting of

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all genetic engineering research to the relevant national committee. The World Health Organization and the International Council of Scientific Unions--a prestigious private organization with no legal powers--are planning to hold formal discussions on the issue of genetic engineering research guidelines in the near future.

25X1 [] The possibility exists that recombinant DNA techniques could be used to develop new organisms for biological warfare. CIA considers it unlikely, although DIA disagrees, that this technology can create biological warfare agents that are dramatically more effective than those now known.

25X1 [] This could become a matter for international concern, however, if some nation were to initiate an active biological warfare program based on genetic engineering. The threat of such weapons itself could prove an effective psychological weapon.

25X1 [] The fact that many countries are engaged in establishing guidelines for recombinant DNA research makes it clear that such research efforts will continue and probably intensify in the near future. Laboratory accidents causing significant biological damage are unlikely, but the newness of the techniques, 25X1 combined with the enormous complexity and relatively incomplete knowledge of the molecular mechanisms of genetic communication make it difficult to assess the actual risks and benefits. []

ZAIRE: Military Aid

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25X1 [] //The French announced yesterday that they are flying Moroccan military aid to Zaire. According to a spokesman in French President Giscard's office, France is responding to a request from both Morocco and Zaire to facilitate the movement of Moroccan troops and equipment to Shaba Region in Zaire. According to press reports, France will make available 11 transports and their crews for at least two days.//


25X1 [] //France has been providing support to Zaire since the invasion of Shaba began. In addition to munitions and military equipment, France reportedly has also sent military advisers.//


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 Morocco announced Friday that it had begun sending military units to Zaire. The number of military personnel that Rabat intends to send is not known, but the Moroccans might provide from several hundred to 1,500 men.



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